



4004

**ANNUAL REPORT**

OF

Name: NIAGARA TELEPHONE COMPANY

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Principal Office: 1133 MAIN STREET  
NIAGARA, WI 54151

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For the Year Ended: DECEMBER 31, 1997

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TELECOMMUNICATIONS UTILITY  
TO  
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854  
Madison, WI 53707-7854  
(608) 267-9504

*This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.*

## GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.



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**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

<b>Access Line</b>	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
<b>Analog Signal</b>	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
<b>Cellular System</b>	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
<b>Central Office</b>	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
<b>Centrex</b>	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
<b>Channel</b>	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
<b>Customer</b>	A person who uses a telephone as a subscriber.
<b>Digital Signal</b>	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
<b>Equal Access</b>	The ability of the subscriber to use any long distance service by dialing the same number of digits.
<b>Exchange</b>	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
<b>Extended Area Service (EAS)</b>	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
<b>Extended Community Calling (ECC)</b>	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
<b>Feature Group A</b>	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

<b>Feature Group B</b>	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
<b>Feature Group C</b>	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
<b>Feature Group D</b>	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
<b>FX-IN</b>	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
<b>FX-OUT</b>	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
<b>Host Switching System</b>	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
<b>Local Access Transport Area (LATA)</b>	A geographic area within which an operating company may offer its telecommunications services.
<b>Mobile Telephone</b>	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
<b>Paging</b>	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
<b>Pair</b>	Two wires of a single circuit.
<b>Pay Station</b>	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
<b>Private Line Service</b>	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
<b>Private Branch Exchange (PBX)</b>	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
<b>Radio Common Carrier (RCC)</b>	A company which furnishes public telecommunications service using one or more radio channels.
<b>Remote Switching Unit (RSU)</b>	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

<b>Route Miles</b>	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none"><li>1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.</li><li>2. One mile of a cross country route with any combination of outside plant facilities.</li><li>3. One mile of point-to-point microwave or radio link.</li><li>4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.</li><li>5. One mile of joint use line where the utility either owns the facility or leases space.</li></ol>
<b>Stand Alone Switch</b>	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
<b>Trunk</b>	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
<b>Wide Area Telephone Service (WATS)</b>	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
<b>Wire Center</b>	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>



**ABBREVIATIONS USED IN ANNUAL REPORTS**

<b>Acct</b>	.....	Account
<b>Accum</b>	.....	Accumulated
<b>Acq</b>	.....	Acquisition
<b>Admin</b>	.....	Administrative
<b>Alloc</b>	.....	Allocation
<b>Amort</b>	.....	Amortization
<b>CO</b>	.....	Central Office
<b>Depr</b>	.....	Depreciation
<b>Equip</b>	.....	Equipment
<b>Exp</b>	.....	Expenses
<b>EOY</b>	.....	End of Year
<b>FOY</b>	.....	First of Year
<b>Info</b>	.....	Information
<b>ITC</b>	.....	Investment Tax Credit
<b>Misc</b>	.....	Miscellaneous
<b>Nonoper</b>	.....	Nonoperating
<b>Nonreg</b>	.....	Nonregulated
<b>Oper</b>	.....	Operating
<b>Opns</b>	.....	Operations
<b>Orig</b>	.....	Originating
<b>Prop</b>	.....	Property
<b>Receiv</b>	.....	Receivable
<b>Reg</b>	.....	Regulated
<b>Rev</b>	.....	Revenues
<b>Svcs</b>	.....	Services
<b>Telecom</b>	.....	Telecommunications
<b>Term</b>	.....	Terminating
<b>TPIS</b>	.....	Telecommunications Plant in Service
<b>TPUC</b>	.....	Telecommunications Plant Under Construction
<b>Uncoll</b>	.....	Uncollectible

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**IDENTIFICATION AND OWNERSHIP**

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**Exact Utility Name:** NIAGARA TELEPHONE COMPANY  
**Utility Location:** 1133 MAIN STREET  
NIAGARA, WI 54151

**Utility Web Site Address:**

**When was utility organized?:** 05/01/1941

**Report any change in name and the effective date:**

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**Officer in charge of correspondence concerning this report**

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**Name:** SYDNEY R. PETERSON  
**Title:** PRESIDENT & MANAGER

**Office Address:** 1133 MAIN STREET  
NIAGARA, WI 54151

**Fax Number:** (715) 251 - 1119  
**Telephone Number:** (715) 251 - 3116  
**Email Address:**

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**Individual or firm, if other than utility employee, preparing this report**

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**Name:** KIESLING ASSOCIATES LLP  
**Title:** ACCOUNTING FIRM  
**Firm:** KIESLING ASSOCIATES LLP  
**Office Address:** 6401 ODANA ROAD  
MADISON, WI 53719

**Fax Number:** (608) 273 - 2383  
**Telephone Number:** (608) 273 - 2315  
**Email Address:**

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**Person responsible for financial information contained in report**

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**Name:** M. O. WILKINS  
**Title:** TREASURER

**Office Address:** 104 WEST WALKER STREET  
P.O. BOX 160  
WITTENBERG, WI 54499

**Fax Number:** (715) 253 - 3497  
**Telephone Number:** (715) 253 - 2111  
**Email Address:**

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**Person responsible for statistical information contained in report**

---

**Name:** SYDNEY R. PETERSON  
**Title:** PRESIDENT & MANAGER

**Office Address:** 1133 MAIN STREET  
NIAGARA, WI 54151

**Fax Number:** (715) 251 - 1119  
**Telephone Number:** (715) 251 - 3116  
**Email Address:**

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**IDENTIFICATION AND OWNERSHIP**

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List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

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**Name:** BEATE M. REUBER  
**Address:** PO BOX 668  
HECTOR, MN 55342

**Number of Shares Held:** 522  
**Beneficial Owner:** NONE

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**Name:** BRUCE C. REUBER  
**Address:** PO BOX 668  
HECTOR, MN 55342

**Number of Shares Held:** 522  
**Beneficial Owner:** NONE

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**Name:** NANCY L. PETERSON  
**Address:** 288 HOOVER AVENUE  
NIAGARA, WI 54151

**Number of Shares Held:** 262  
**Beneficial Owner:** NONE

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**Name:** SYDNEY R. PETERSON  
**Address:** 288 HOOVER AVENUE  
NIAGARA, WI 54151

**Number of Shares Held:** 1,500  
**Beneficial Owner:** NONE

**INCOME STATEMENT - TOTAL COMPANY**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
Operating Revenues (5000-5300)	2,860,590	2,799,203	<b>1</b>
<b>Operating Expenses</b>			
Plant Specific Operations Expense (6110-6410)	472,443	360,710	<b>2</b>
Plant Nonspecific Operations Expense	819,867	867,876	<b>3</b>
Customer Operations Expense (6610-6620)	361,145	334,289	<b>4</b>
Corporate Operations Expense (6710-6790)	468,747	393,718	<b>5</b>
Other Operating Income and Expense (7100)	5,422	2,078	<b>6</b>
Operating Taxes (7200)	329,648	363,545	<b>7</b>
<b>Total Operating Expenses</b>	<b>2,446,428</b>	<b>2,318,060</b>	<b>8</b>
<b>Net Operating Income</b>	<b>414,162</b>	<b>481,143</b>	<b>9</b>
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	450,010	423,034	<b>10</b>
Nonoperating Taxes (7400)	153,424	155,826	<b>11</b>
Interest and Related Items (7500)	182,415	154,807	<b>12</b>
Extraordinary Items (7600)	0	0	<b>13</b>
Nonregulated Net Income (7990)	28,988	31,333	<b>14</b>
<b>Total Nonoperating Income</b>	<b>143,159</b>	<b>143,734</b>	<b>15</b>
<b>Net Income</b>	<b>557,321</b>	<b>624,877</b>	<b>16</b>

## NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

- 
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

The accounting policies of the Company conform to generally accepted accounting principles. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission as modified by the Public Service Commission of Wisconsin (PSCW).

### A. Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates, based on the estimated service lives of the various classes of depreciable property.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal cost less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

### B. Income taxes

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities include the difference between carrying amounts of depreciable assets and partnership investment basis. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Investment tax credits (ITC) which were deferred prior to the Tax Reform Act of 1986 are being amortized over the regulatory life of the plant which produced the ITC

## NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

which produced the ITC.

### C. Revenue Recognition

Revenues are recognized when earned regardless of the period in which they are billed.

Revenues relating to the provision of access services to customers are derived, in part, from tariffed access charges to toll service providers (interexchange carriers), and in part from sharing in interstate and intrastate pools. Interstate revenues are determined in accordance with nationwide average cost schedules.

The Company is compensated for intrastate access under access charge procedures based on expense and plant investment levels, as determined by the Company and approved by the PSCW.

### D. Cash Equivalents

All highly liquid investments purchased with a maturity of one year or less are considered cash equivalents.

### E. Investments

Non-marketable equity investments and temporary investments are stated at cost.

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2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None.

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3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

The mortgage to the United States of America, underlying the RUS notes, contains certain restrictions on the declaration of payment of cash dividends, redemption of capital stock, or investment in affiliated companies. As of December 31, 1997, the maximum amount which could be distributed in accordance with these restrictions was \$1,739,000, except as might be specifically authorized in writing in advance by the RUS noteholders.

**BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT ASSETS</b>			
<b>CASH AND EQUIVALENTS</b>			
Cash and Equivalents (1120)*	178,067	81,213	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>178,067</b>	<b>81,213</b>	
<b>RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS</b>			
Telecommunications Accounts Receivable (1180)*	180,906	197,044	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
<b>Net: Telecommunications Accounts Receivable</b>	<b>180,906</b>	<b>197,044</b>	
Other Accounts Receivable (1190)*	394,926	641,329	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
<b>Net: Other Accounts Receivable</b>	<b>394,926</b>	<b>641,329</b>	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
<b>Net: Notes Receivable</b>	<b>0</b>	<b>0</b>	
Interest and Dividends Receivable (1210)*	0	0	12
<b>TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL</b>	<b>575,832</b>	<b>838,373</b>	
<b>SUPPLIES</b>			
Inventories (1220)*	122,214	133,850	13
<b>TOTAL SUPPLIES</b>	<b>122,214</b>	<b>133,850</b>	
<b>PREPAYMENTS</b>			
Total Prepayments (1280)*	79,873	24,447	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
<b>TOTAL PREPAYMENTS</b>	<b>79,873</b>	<b>24,447</b>	
<b>OTHER CURRENT ASSETS</b>			
Other Current Assets (1350)*	10,387	17,165	20
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>10,387</b>	<b>17,165</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>966,373</b>	<b>1,095,048</b>	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Investment in Affiliated Companies (1401)*	120,000	120,000	21
Investments in Nonaffiliated Companies (1402)*	1,860,906	1,666,734	22
Nonregulated Investments (1406)*	37,316	53,256	23
Unamortized Debt Issuance Expense (1407)*	3,373	3,966	24
Sinking Funds (1408)*	0	0	25

**BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Other Noncurrent Assets (1410)*	7,231	4,314	26
<b>TOTAL INVESTMENTS</b>	<b>2,028,826</b>	<b>1,848,270</b>	
<b>DEFERRED CHARGES</b>			
Deferred Tax Regulatory Asset (1437)*	(4,377)	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	0	24,733	29
<b>TOTAL DEFERRED CHARGES</b>	<b>(4,377)</b>	<b>24,733</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,024,449</b>	<b>1,873,003</b>	
<b>PLANT</b>			
<b>TELECOMMUNICATIONS PLANT IN SERVICE</b>			
Telecommunications Plant in Service (2001)*	9,635,650	9,110,644	30
Less: Accumulated Depreciation (3100)*	5,250,321	4,594,865	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	33
Less: Accumulated Amortization--Intangible (3500)*	0	0	34
<b>NET TELECOMMUNICATIONS PLANT IN SERVICE</b>	<b>4,385,329</b>	<b>4,515,779</b>	
<b>PROPERTY HELD FOR FUTURE USE</b>			
Prop. Held for Future Telecommun. Use (2002)*	0	0	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	36
<b>NET PROPERTY HELD FOR FUTURE USE</b>	<b>0</b>	<b>0</b>	
<b>NONOPERATING PLANT</b>			
Nonoperating Plant (2006)*	21,457	21,457	37
Less: Accumulated Depreciation--Nonoperating (3300)*	6,935	6,111	38
<b>NET NONOPERATING PLANT</b>	<b>14,522</b>	<b>15,346</b>	
<b>TPUC</b>			
TPUC (2003)*	977,632	56,207	39
<b>TOTAL TPUC</b>	<b>977,632</b>	<b>56,207</b>	
<b>TELECOMMUNICATIONS PLANT ADJUSTMENT</b>			
Telecommunications Plant Adjustment (2005)*	0	0	40
Less: Accumulated Amortization--Other (3600)*	0	0	41
<b>NET TELECOMMUNICATIONS PLANT ADJUSTMENT</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANT</b>	<b>5,377,483</b>	<b>4,587,332</b>	
<b>TOTAL ASSETS AND OTHER DEBITS*</b>	<b>8,368,305</b>	<b>7,555,383</b>	



**BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

<b>Particulars (a)</b>	<b>Balance--EOY (b)</b>	<b>Balance--FOY (c)</b>	
<b>CURRENT LIABILITIES</b>			
Accounts Payable (4010)*	596,589	451,207	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	22,100	20,000	3
Customer Deposits (4040)*	4,485	2,220	4
Current Maturities--Long-Term Debt (4050)*	417,600	251,800	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	0	267,933	7
Other Taxes--Accrued (4080)*	273	2,692	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	88,499	78,329	11
Other Current Liabilities (4130)*	0	0	12
<b>TOTAL CURRENT LIABILITIES*</b>	<b>1,129,546</b>	<b>1,074,181</b>	
<b>LONG-TERM DEBT</b>			
Funded Debt (4210)*	2,923,494	2,617,532	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
<b>TOTAL LONG-TERM DEBT*</b>	<b>2,923,494</b>	<b>2,617,532</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Long-Term Liabilities (4310)*	50,283	32,075	20
Unamortized Operating ITC--Net (4320)*	80,405	107,207	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	160,864	188,080	23
Net Deferred Tax Liability Adjustments (4341)*	(44,896)	(57,662)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(34,371)	(18,764)	25
Other Deferred Credits (4360)*	57,429	0	26
Deferred Tax Regulatory Liability (4361)*	59,267	77,807	27
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*</b>	<b>328,981</b>	<b>328,743</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510)*	348,000	348,000	28
Additional Paid-in Capital (4520)*	0	0	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	3,638,284	3,186,927	32
<b>TOTAL STOCKHOLDERS' EQUITY*</b>	<b>3,986,284</b>	<b>3,534,927</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS*</b>	<b>8,368,305</b>	<b>7,555,383</b>	

**STATEMENT OF CASH FLOWS**

<b>Item (a)</b>	<b>Amount (b)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	562,717	<b>1</b>
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and amortization	725,694	<b>2</b>
Interest during construction	(17,816)	<b>3</b>
<b>Changes in assets and liabilities:</b>		
Current assets (net)	225,529	<b>4</b>
Other noncurrent assets	25,601	<b>5</b>
Other current liabilities	(110,435)	<b>6</b>
Other liabilities and deferred credits	238	<b>7</b>
<b>Other (specify):</b>		
<b>TOTAL ADJUSTMENTS</b>	<b>848,811</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME &amp; ADJUST.)</b>	<b>1,411,528</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Capital Expenditures:</b>		
Changes in plant (net)	(1,498,029)	<b>8</b>
Investments in affiliated companies	0	<b>9</b>
Nonoperating Investments	(178,232)	<b>10</b>
<b>Other (specify):</b>		
<b>NET CASH USING IN INVESTING ACTIVITIES</b>	<b>(1,676,261)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in capital lease obligations (net)	0	<b>11</b>
Change in long-term debt (net)	472,947	<b>12</b>
Net changes in stockholder equity other than retained earnings	0	<b>13</b>
Change in short term borrowing (net)	0	<b>14</b>
Dividends paid	(111,360)	<b>15</b>
Miscellaneous debits/credits to retained earnings	0	<b>16</b>
<b>Other (specify):</b>		
<b>Net Cash Provided by Financing Activities</b>	<b>361,587</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>96,854</b>	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

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**IMPORTANT CHANGES DURING THE YEAR**

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1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

**None.**

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2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

**None.**

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3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

**None.**

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4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

**None.**

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5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

**None.**

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6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

**None.**

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7. Changes in articles of incorporation or amendments to charter.

**None.**

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8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

**During 1997 the Public Service Commission of Wisconsin (PSCW) allowed for the deregulation of public payphones.**

**AFFILIATE ABBREVIATIONS**

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

<b>Name of Affiliate (a)</b>	<b>Abbreviations (b)</b>	
Computer Systems Limited Liability Corporation	CSLLC	<b>1</b>
Interstate Telcom Consulting Inc.	ITCI	<b>2</b>

**AFFILIATED INTEREST TRANSACTIONS**

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

<b>Particulars</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	
Docket		4160-AT-000100	4160-AT-000101			
Name of Affiliate		CSLLC	ITCI			1
Designate whether billed to or from:		FROM	FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		M	M			3
Revenues						4
<b>Expenses:</b>						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense		91,065	14,508			7
Corporate Operations Expense			38,987			8
<b>Total Operating Expenses</b>		<b>91,065</b>	<b>53,495</b>	<b>0</b>	<b>0</b>	9
<b>Other:</b>						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other						14
<b>Total</b>		<b>91,065</b>	<b>53,495</b>	<b>0</b>	<b>0</b>	15
Percent of affiliate's business billed to all affiliated regulated utilities		57.88	5.23			16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes						

**AFFILIATED ASSETS AND LIABILITIES**

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

<b>Name of Affiliate (a)</b>	<b>Account Number (b)</b>	<b>Balance EOY (c)</b>	
Computer Systems Limited Liability Corporation	1401	120,000	<b>1</b>
Computer Systems Limited Liability Corporation	4010	6,634	<b>2</b>
Interstate Telcom Consulting Inc.	4010	9,166	<b>3</b>

**ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS**

This schedule should be used to report accounts receivable net write off activity.

<b>Particulars (a)</b>	<b>Amount (b)</b>	
Collection of amounts previously written off		<b>1</b>
Uncollectibles written off during the year		<b>2</b>
<b>Net write offs during the year</b>	<b>0</b>	

**NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)**

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

<b>Name of Maker and purpose (a)</b>	<b>Issue Date (b)</b>	<b>Maturity (c)</b>	<b>Interest Rate (d)</b>	<b>Amount EOY (e)</b>	<b>Allowance Acct. 1201 (f)</b>
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NONE

<b>Total</b>				<u><u>0</u></u>	<u><u>0</u></u>	1
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**INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)**

<b>Name (a)</b>	<b>Balance EOY (b)</b>	
RTB Class B Stock	0	<b>1</b>
<b>Other:</b>		
Florence Medical Center Stock	100	<b>2</b>
RTFC-SCC Certificates	106,759	<b>3</b>
RSA #3-Partnership	308,215	<b>4</b>
RSA #4-Partnership	1,324,098	<b>5</b>
WITS Class A Stock	200	<b>6</b>
WITS Class B Stock	32,700	<b>7</b>
Metro Southwest PCS, LLP	88,834	<b>8</b>
<b>Total Investments in Nonaffiliated Companies</b>	<b>1,860,906</b>	

**NONREGULATED INVESTMENTS (ACCT. 1406)**

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
<b>Total Net Investment and Inventory ( Accts. 1406.10, 1406.11, and 1406.12 ):</b>		
Inventory	35,197	<b>1</b>
Public Telephone Equipment	2,119	<b>2</b>

**DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)**

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
NONE	
<b>Total</b>	<b>0</b>

1

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

<b>Plant Account (a)</b>	<b>Account (b)</b>	<b>Balance FOY (c)</b>	<b>Additions (d)</b>	
<b>GENERAL SUPPORT ASSETS</b>				
Land	2111	80,291		<b>1</b>
Motor Vehicles	2112	242,590		<b>2</b>
Aircraft	2113	0		<b>3</b>
Special Purpose Vehicles	2114	0		<b>4</b>
Garage Work Equipment	2115	0		<b>5</b>
Other Work Equipment	2116	121,271	4,213	<b>6</b>
Buildings	2121	852,942		<b>7 D</b>
Furniture	2122	14,895		<b>8</b>
Office Equipment	2123	9,872	0	<b>9</b>
General Purpose Computers	2124	53,065	5,365	<b>10</b>
<b>TOTAL--GENERAL SUPPORT ASSETS:</b>		<b>1,374,926</b>	<b>9,578</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Analog Electronic Switching	2211	0		<b>11</b>
Digital Electronic Switching	2212	2,603,549	112,848	<b>12 B</b>
Electro-Mechanical Switching	2215	0	0	<b>13</b>
Operator Systems	2220	0		<b>14</b>
Radio Systems	2231	0	0	<b>15</b>
Circuit Equipment	2232	557,225	233,646	<b>16 D</b>
<b>TOTAL--CENTRAL OFFICE ASSETS:</b>		<b>3,160,774</b>	<b>346,494</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311	1,599		<b>17</b>
Customer Premises Wiring	2321	0		<b>18</b>
Large Private Branch Exchanges	2341	0		<b>19</b>
Public Telephone Terminal Equipment	2351	36,050		<b>20 A</b>
Other Terminal Equipment	2362	0		<b>21</b>
<b>TOTAL--INFORMATION ORIG/TERM ASSETS:</b>		<b>37,649</b>	<b>0</b>	
<b>CABLE WIRE FACILITIES ASSETS</b>				
Poles	2411	86,005	2,365	<b>22</b>
Aerial Cable	2421	397,762	1,867	<b>23</b>
Underground Cable	2422	391,904	7,629	<b>24</b>
Buried Cable	2423	3,033,006	175,872	<b>25</b>
Submarine Cable	2424	0	0	<b>26</b>
Deep Sea Cable	2425	0		<b>27</b>
Intrabuilding Network Cable	2426	0	0	<b>28</b>
Aerial Wire	2431	5,823	(66)	<b>29</b>
Conduit Systems	2441	622,795	35,442	<b>30</b>
<b>TOTAL--CABLE WIRE FACILITIES ASSETS:</b>		<b>4,537,295</b>	<b>223,109</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681	0		<b>31</b>

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)**

<b>Account (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2111			80,291	1
2112			242,590	2
2113			0	3
2114			0	4
2115			0	5
2116	4,077		121,407	6
2121		(5,120)	847,822	7 D
2122	1,411		13,484	8
2123	2,415	0	7,457	9
2124			58,430	10
	<b>7,903</b>	<b>(5,120)</b>	<b>1,371,481</b>	
2211			0	11
2212	0	18,211	2,734,608	12 B
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	5,120	795,991	16 D
	<b>0</b>	<b>23,331</b>	<b>3,530,599</b>	
2311	1,599		0	17
2321			0	18
2341			0	19
2351		(36,050)	0	20 A
2362			0	21
	<b>1,599</b>	<b>(36,050)</b>	<b>0</b>	
2411	840		87,530	22
2421	19,362	0	380,267	23
2422	0	0	399,533	24
2423	6,632	0	3,202,246	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			5,757	29
2441			658,237	30
	<b>26,834</b>	<b>0</b>	<b>4,733,570</b>	
2681			0	31

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

<b>Plant Account (a)</b>	<b>Account (b)</b>	<b>Balance FOY (c)</b>	<b>Additions (d)</b>
<b>AMORTIZABLE ASSETS</b>			
Leasehold Improvements	2682	0	<b>32</b>
Intangibles	2690	0	<b>33</b>
<b>TOTAL--AMORTIZABLE ASSETS:</b>		<b>0</b>	<b>0</b>
<b>TOTAL TELECOM. PLANT IN SERVICE</b>	<b>2001</b>	<b>9,110,644</b>	<b>579,181</b>
Less: Allocation to Nonregulated Activity - EOY	2001		<b>34</b>
<b>NET REG. TOTAL TELE. PLANT IN SERV. - EOY</b>	<b>2001</b>		

Explain all amounts shown in column (g).

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)**

<b>Account (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2682			0	32
2690			0	33
	0	0	0	
	36,336	(17,839)	9,635,650	
2001			0	34
			9,635,650	

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)**

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

<b>Plant Subaccount (a)</b>	<b>Subaccount (b)</b>	<b>Balance FOY (c)</b>	<b>Additions (d)</b>	
Office Support Equipment	2123.1	3,792		<b>1</b>
Company Communications Equipment	2123.2	6,080		<b>2</b>
Software	2212.1	149,966		<b>3</b>
Digital Switching - Central Office	2212.2	2,453,583	112,848	<b>4 B</b>
Digital Switching - Remote	2212.3	0		<b>5</b>
Step by Step Switching	2215.1	0		<b>6</b>
Crossbar Switching	2215.2	0		<b>7</b>
Satellite and Earth Station Facilities	2231.1	0		<b>8</b>
Other Radio Facilities	2231.2	0		<b>9</b>
Digital Circuit Equipment	2232.1	557,225	233,646	<b>10 D</b>
Analog Circuit Equipment	2232.2	0		<b>11</b>
Light Wave Circuit Equipment	2232.3	0		<b>12</b>
Aerial Cable - Nonmetallic	2421.1	15,728	(5,465)	<b>13</b>
Aerial Cable - Metallic	2421.2	382,034	7,332	<b>14</b>
Underground Cable - Nonmetallic	2422.1	60,820		<b>15 c</b>
Underground Cable - Metallic	2422.2	331,084	7,629	<b>16 c</b>
Buried Cable - Nonmetallic	2423.1	272,959	9,987	<b>17</b>
Buried Cable - Metallic	2423.2	2,760,047	165,885	<b>18</b>
Submarine Cable - Nonmetallic	2424.1	0		<b>19</b>
Submarine Cable - Metallic	2424.2	0		<b>20</b>
Intrabuilding Cable - Nonmetallic	2426.1	0		<b>21</b>
Intrabuilding Cable - Metallic	2426.2	0		<b>22</b>

Explain all amounts shown in column (g).



# **TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)** **(cont.)**

<b>Subaccount (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2123.1	1,908		<b>1,884</b>	<b>1</b>
2123.2	507		<b>5,573</b>	<b>2</b>
2212.1			<b>149,966</b>	<b>3</b>
2212.2		18,211	<b>2,584,642</b>	<b>4 B</b>
2212.3			<b>0</b>	<b>5</b>
2215.1			<b>0</b>	<b>6</b>
2215.2			<b>0</b>	<b>7</b>
2231.1			<b>0</b>	<b>8</b>
2231.2			<b>0</b>	<b>9</b>
2232.1		5,120	<b>795,991</b>	<b>10 D</b>
2232.2			<b>0</b>	<b>11</b>
2232.3			<b>0</b>	<b>12</b>
2421.1			<b>10,263</b>	<b>13</b>
2421.2	19,362		<b>370,004</b>	<b>14</b>
2422.1		15,054	<b>75,874</b>	<b>15 c</b>
2422.2		(15,054)	<b>323,659</b>	<b>16 c</b>
2423.1			<b>282,946</b>	<b>17</b>
2423.2	6,632		<b>2,919,300</b>	<b>18</b>
2424.1			<b>0</b>	<b>19</b>
2424.2			<b>0</b>	<b>20</b>
2426.1			<b>0</b>	<b>21</b>
2426.2			<b>0</b>	<b>22</b>

**ACCUMULATED DEPRECIATION CLASS A & B**

<b>Primary Plant Account (a)</b>	<b>Acct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>
<b>GENERAL SUPPORT ASSETS</b>					
Motor Vehicles	2112	158,014		14,556	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	69,623	10.0	11,926	5
Buildings	2121	289,658	3.03	25,718	6
Furniture	2122	4,855	10.0	1,384	7
Office Equipment	2123	7,534		1,397	8K
General Purpose Computers	2124	36,614	25.0	14,272	9
<b>Total-- GENERAL SUPPORT ASSETS</b>		<b>566,298</b>		<b>69,253</b>	<b>0</b>
<b>CENTRAL OFFICE ASSETS</b>					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	1,610,300		355,380	11K
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	313,306		70,541	15
<b>Total-- CENTRAL OFFICE ASSETS</b>		<b>1,923,606</b>		<b>425,921</b>	<b>0</b>
<b>INFORMATION ORIG/TERM ASSETS</b>					
Station Apparatus	2311	1,599	9.09		16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	30,459	12.0	952	19A
Other Terminal Equipment	2362	0			20
<b>Total-- INFORMATION ORIG/TERM ASSETS</b>		<b>32,058</b>		<b>952</b>	<b>0</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Poles	2411	49,303	6.39	5,422	21
Aerial Cable	2421	304,076		19,814	22K
Underground Cable	2422	121,282		20,422	23K
Buried Cable	2423	1,421,338		161,853	24K
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	5,823	20.0	(67)	28

**ACCUMULATED DEPRECIATION CLASS A & B**

<b>Primary Plant Account (a)</b>	<b>Acct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Conduit Systems	2441	171,081	3.5	22,124	<b>29</b>
<b>Total-- CABLE WIRE FACILITIES ASSETS</b>		<b>2,072,903</b>		<b>229,568</b>	<b>0</b>
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>4,594,865</b>		<b>725,694</b>	<b>0</b>
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				<b>30</b>
<b>Net Regulated Total Accum Depreciation - 3100</b>					
<b>Columns e, f and I</b>					

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2112					172,570	1
2113					0	2
2114					0	3
2115					0	4
2116	4,077				77,472	5
2121					315,376	6
2122	1,411				4,828	7
2123	2,415				6,516	8 K
2124					50,886	9
	<b>7,903</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>627,648</b>	
2211					0	10
2212	0				1,965,680	11 K
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				383,847	15
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,349,527</b>	
2311	1,599				0	16
2321					0	17
2341					0	18
2351				(31,411)	0	19 A
2362					0	20
	<b>1,599</b>	<b>0</b>	<b>0</b>	<b>(31,411)</b>	<b>0</b>	
2411	840	758	453		53,580	21
2421	19,362	4,936	2,025		301,617	22 K
2422	0				141,704	23 K
2423	6,632		725		1,577,284	24 K
2424	0				0	25
2425					0	26
2426	0				0	27
2431					5,756	28

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2441					193,205	29
	26,834	5,694	3,203	0	2,273,146	
<b>3100</b>	<b>36,336</b>	<b>5,694</b>	<b>3,203</b>	<b>(31,411)</b>	<b>5,250,321</b>	
3100						30
<b>3100</b>						

**ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)**

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

<b>Plant Subaccount (a)</b>	<b>Subacct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>
Office Support Equipment	2123.1	3,138	10.0	236	1
Company Communications Equipment	2123.2	4,396	20.0	1,161	2
Software	2212.1	97,115	25.0	36,017	3
Digital Switching - Central Office	2212.2	1,513,185		319,363	4 K
Digital Switching - Remote	2212.3	0			5
Step by Step Switching	2215.1	0			6
Crossbar Switching	2215.2	0			7
Satellite and Earth Station Facilities	2231.1	0			8
Other Radio Facilities	2231.2	0			9
Digital Circuit Equipment	2232.1	313,306		70,541	10 K
Analog Circuit Equipment	2232.2	0			11
Light Wave Circuit Equipment	2232.3	0			12
Aerial Cable - Nonmetallic	2421.1	1,817	5.0	581	13
Aerial Cable - Metallic	2421.2	302,259	5.26	19,233	14
Underground Cable - Nonmetallic	2422.1	4,911	4.1	9,194	15
Underground Cable - Metallic	2422.2	116,371	4.5	11,228	16
Buried Cable - Nonmetallic	2423.1	9,138	4.6	11,503	17
Buried Cable - Metallic	2423.2	1,412,200	5.5	150,350	18
Submarine Cable - Nonmetallic	2424.1	0			19
Submarine Cable - Metallic	2424.2	0			20
Intrabuilding Cable - Nonmetallic	2426.1	0			21
Intrabuilding Cable - Metallic	2426.2	0			22

**ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)**

<b>Subacct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2123.1	1,908				1,466	1
2123.2	507				5,050	2
2212.1					133,132	3
2212.2					1,832,548	4 K
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					383,847	10 K
2232.2					0	11
2232.3					0	12
2421.1					2,398	13
2421.2	19,362	4,936	2,025		299,219	14
2422.1					14,105	15
2422.2					127,599	16
2423.1					20,641	17
2423.2	6,632		725		1,556,643	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

**NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)**

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ( ).

<b>Particulars (a)</b>	<b>Balance FOY (b)</b>	
<b>PROPERTY RELATED</b>		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	(508)	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(198,385)	5
Net Deferred Tax Liability Adjustments (4341)	57,662	6
Deferred Tax Regulatory Liability (4361)	0	7 J
<b>Net Property Related Deferred Operating Income Taxes</b>	<b>(141,231)</b>	
Less: Allocation to Nonregulated Activity	0	8
<b>Net Regulated Total Property Related Deferred Operating Income Taxes</b>	<b>(141,231)</b>	
<b>NONPROPERTY RELATED</b>		
Other Current Assets (1350)	0	9 J
Other Noncurrent Assets (1410)	4,822	10 J
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	10,305	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	(77,807)	15 J
<b>Total Nonproperty Related Deferred Operating Income Taxes</b>	<b>(62,680)</b>	



# **NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)**

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250	(1,385)			(1,893)	2
	(4,377)			(4,377)	3
7250				0	4
7250	21,067			(177,318)	5
	(12,766)			44,896	6
	18,540		(77,807)	(59,267)	7 J
	<b>21,079</b>	<b>0</b>	<b>(77,807)</b>	<b>(197,959)</b>	
				0	8
	<b>21,079</b>	<b>0</b>	<b>(77,807)</b>	<b>(197,959)</b>	
7250	(6,778)		17,165	10,387	9 J
7250			(4,822)	0	10 J
				0	11
7250				0	12
7250	6,149			16,454	13
				0	14
			77,807	0	15 J
	<b>(629)</b>	<b>0</b>	<b>90,150</b>	<b>26,841</b>	

**NOTES PAYABLE (ACCT. 4020)**

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

<b>Name (a)</b>	<b>Issue Date (b)</b>	<b>Maturity (c)</b>	<b>Interest Rate (d)</b>	<b>Balance EOY (e)</b>
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NONE

<b>Total Notes Payable</b>	<u><u>0</u></u>	<b>1</b>
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**LONG-TERM DEBT**

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

<b>Description of Debt (a)</b>	<b>Specific or Range of Stated Dates of Issue (b)</b>	<b>Specific or Range of Stated Dates of Maturity (c)</b>	<b>Specific or Range of Interest Rates (d)</b>	
<b>Funded Debt (Account 4210):</b>				
RTFC Note	06/11/1994	07/11/1999	6.5500	<b>1</b>
RTFC Note	04/23/1997-10/14/1997	03/03/2002	6.9000	<b>2</b>
RUS Note	08/12/1978	08/12/2013	5.0000	<b>3</b>
<b>Total Funded Debt</b>				

**LONG-TERM DEBT (cont.)**

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
6.5500			86,246	164,200	250,446	1
6.9000			571,685	151,900	723,585	2
5.0000			2,265,563	101,500	2,367,063	3
	0	0	2,923,494	417,600	3,341,094	

**CAPITAL STOCK ACCOUNTS AT END OF YEAR**

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

<b>Class and Series (a)</b>	<b>Shares Authorized by Charter (b)</b>	<b>Par Value per Share (c)</b>	<b>Call Price End of Year (d)</b>
<b>COMMON STOCK:</b>			
Common Stock	4,000	100.00	1
<b>TOTAL COMMON STOCK</b>	<b>4,000</b>		
<b>TOTAL</b>	<b>4,000</b>		

**CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)**

	<b>Acct. 4510 - Capital Stock</b>		<b>Acct. 4530 - Treasury Stock</b>		
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	
	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	<b>(h)</b>	
<b>COMMON STOCK:</b>					
Common Stock	3,480	348,000			1
	<b>3,480</b>	<b>348,000</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b><u>3,480</u></b>	<b><u>348,000</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	

**RETAINED EARNINGS (ACCT. 4550)**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
Balance-First of Year	3,186,927	2,631,650	<b>1</b>
<b>Changes:</b>			
Balance Transferred from Income	562,717	624,877	<b>2</b>
<b>Dividends Declared:</b>			
Common	111,360	69,600	<b>3</b>
Preferred			<b>4</b>
<b>Total Dividends Declared</b>	<b>111,360</b>	<b>69,600</b>	
Miscellaneous Debits to Retained Earnings			<b>5</b>
Miscellaneous Credits to Retained Earnings			<b>6</b>
<b>Balance--End of Year</b>	<b><u>3,638,284</u></b>	<b><u>3,186,927</u></b>	

**DISTRIBUTION OF TAXES**

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

<b>Summary Account/ Function Charged (a)</b>	<b>Wisconsin License Fee (b)</b>	<b>Wisconsin Income Tax (c)</b>	<b>Federal Income Tax (d)</b>	
Operating Taxes (Accts. 7210 - 7250)	164,663	39,890	119,481	<b>1</b>
Nonoperating Taxes (Accts. 7410 - 7450)		32,255	120,599	<b>2</b>
Extraordinary Items (Accts. 7630 & 7640)				<b>3</b>
Nonregulated Net Income (Acct. 7990)		3,538	13,225	<b>4</b>
Clearing Accounts				<b>5</b>
Construction				<b>6</b>
Payroll Taxes: FICA				<b>7</b>
Payroll Taxes: State Unemployment				<b>8</b>
Payroll Taxes: Federal Unemployment				<b>9</b>
<b>Other (specify):</b>				
Investment Tax Credit			26,802	<b>10</b>
Operating Deferred Taxes		(48)	20,923	<b>11</b>
Nonoperating Deferred Taxes		4,235	16,028	<b>12</b>
Nonregulated Deferred Taxes		(14)	(765)	<b>13</b>
<b>TOTAL</b>	<b><u>164,663</u></b>	<b><u>79,856</u></b>	<b><u>316,293</u></b>	



**DISTRIBUTION OF TAXES (cont.)**

<b>PSC Remainder Assessment (e)</b>	<b>Local Property Tax (f)</b>	<b>State &amp; Local Taxes Other than Wisconsin (g)</b>	<b>Other Taxes (h)</b>	<b>Payroll Taxes (i)</b>	<b>Total (j)</b>	
5,614					329,648	1
	570				153,424	2
					0	3
					16,763	4
					0	5
					0	6
				53,724	53,724	7
				5,213	5,213	8
				1,360	1,360	9
					26,802	10
					20,875	11
					20,263	12
					(779)	13
<u>5,614</u>	<u>570</u>	<u>0</u>	<u>0</u>	<u>60,297</u>	<u>627,293</u>	

**REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
Basic Local Service Revenue (5000)*	789,514	723,439	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
<b>TOTAL BASIC LOCAL SERVICE REVENUE (5000)</b>	<b>789,514</b>	<b>723,439</b>	
<b>NETWORK INTERSTATE ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	181,326	174,483	11
Switched Access Revenue (5082)*	1,024,022	1,046,427	12
Special Access Revenue (5083)*	28,517	23,875	13
<b>TOTAL INTERSTATE ACCESS REVENUES (5080)</b>	<b>1,233,865</b>	<b>1,244,785</b>	
<b>NETWORK INTRASTATE ACCESS SERVICES REV.</b>			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	478,069	456,561	15
Special Access Revenue (5084.3)*	47,974	51,978	16
<b>TOTAL INTRASTATE ACCESS REVENUES (5084)</b>	<b>526,043</b>	<b>508,539</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100)*	9,572	0	17 H
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
<b>Unidirectional Long Distance Revenue (5110)</b>	<b>0</b>	<b>0</b>	
<b>Long Distance Private Network Revenues</b>			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
<b>Total Long Distance Private Network Revenue</b>	<b>0</b>	<b>0</b>	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
<b>TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.</b>	<b>9,572</b>	<b>0</b>	

**REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
<b>MISCELLANEOUS REVENUES</b>			
Directory Revenue (5230)*	116,891	111,266	<b>30</b>
Rent Revenue (5240)*	5,657	515	<b>31 I</b>
Corporate Operations Revenue (5250)*	60	0	<b>32</b>
<b>Miscellaneous:</b>			
Miscellaneous Revenue (5260)*	6,257	6,364	<b>33</b>
Special Billing Arrangements Revenue (5261)			<b>34</b>
Customer Operations Revenue (5262)			<b>35</b>
Plant Operations Revenue (5263)			<b>36</b>
Other Incidental Regulated Revenue (5264)			<b>37</b>
Other Revenue Settlements (5269)			<b>38</b>
<b>Total Miscellaneous Revenue (5260)</b>	<b>6,257</b>	<b>6,364</b>	
Interstate Billing and Collection Revenue*	125,671	148,867	<b>39</b>
Intrastate Billing and Collection Revenue*	38,996	47,541	<b>40</b>
<b>Total Carrier Billing and Collection Revenue (5270)*</b>	<b>164,667</b>	<b>196,408</b>	
Nonregulated Operating Revenue (5280)**			<b>41</b>
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>293,532</b>	<b>314,553</b>	
<b>GROSS OPERATING REVENUES</b>	<b>2,852,526</b>	<b>2,791,316</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300)*	(8,064)	(7,887)	<b>42</b>
Uncollectible Revenue--Telecommunications (5301)			<b>43</b>
Uncollectible Revenue--Other (5302)			<b>44</b>
<b>TOTAL UNCOLLECTIBLE REVENUE (5300)</b>	<b>(8,064)</b>	<b>(7,887)</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>2,860,590</b>	<b>2,799,203</b>	

\*\* Account 5280 is to be used only by those companies subject to dual jurisdiction.

**EXPENSE MATRIX - CLASS A & B**

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
<b>PLANT SPECIFIC OPERATIONS EXPENSE</b>				
Total Network Support Expense ( 6110 )	0	465	3,466	1
Less: Nonregulated		465	365	2
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>3,101</b>	<b>3</b>
Total General Support Expense ( 6120 )	49,228	82,220	16,220	4
Less: Nonregulated		0		5 E
<b>Net Regulated</b>	<b>49,228</b>	<b>82,220</b>	<b>16,220</b>	<b>6</b>
Total Central Office Switching Expense ( 6210 )	83,877	96,755	63,452	7
Less: Nonregulated		0		8
<b>Net Regulated</b>	<b>83,877</b>	<b>96,755</b>	<b>63,452</b>	<b>9</b>
Total Operator Systems Expense ( 6220 )	0	0		10
Less: Nonregulated		0		11
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
Total Central Office Transmission Expenses ( 6230 )	13,503	6,290	4,060	13
Less: Nonregulated		0		14 F
<b>Net Regulated</b>	<b>13,503</b>	<b>6,290</b>	<b>4,060</b>	<b>15</b>
Total Information Orig. / Term. Expense ( 6310 )	3,478	2,485	1,153	16
Less: Nonregulated		0		17
<b>Net Regulated</b>	<b>3,478</b>	<b>2,485</b>	<b>1,153</b>	<b>18</b>
Total Cable and Wire Fac. Expense ( 6410 )	210,624	284,493	126,789	19
Less: Nonregulated		0		20 G
<b>Net Regulated</b>	<b>210,624</b>	<b>284,493</b>	<b>126,789</b>	<b>21</b>
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>360,710</b>	<b>472,708</b>	<b>215,140</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>465</b>	<b>365</b>	
<b>Net Regulated</b>	<b>360,710</b>	<b>472,243</b>	<b>214,775</b>	
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>				
Total Other Property, Plant and Equip. Exp. ( 6510 )	0	0	15,027	22
Less: Nonregulated		0		23
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>15,027</b>	<b>24</b>
Total Network Operations Expense ( 6530 )	76,004	91,575	49,938	25
Less: Nonregulated		0		26
<b>Net Regulated</b>	<b>76,004</b>	<b>91,575</b>	<b>49,938</b>	<b>27</b>
Access Expense ( 6540 )	0	0		28
Less: Nonregulated		0		29
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>
Total Depreciation and Amortization Expense ( 6560 )	791,872	725,694		31
Less: Nonregulated		2,598		32
<b>Net Regulated</b>	<b>791,872</b>	<b>723,096</b>		<b>33</b>
<b>TOTAL PLANT NONSPECIFIC OPERATIONS EXP.</b>	<b>867,876</b>	<b>817,269</b>	<b>64,965</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>2,598</b>	<b>0</b>	
<b>Net Regulated</b>	<b>867,876</b>	<b>814,671</b>	<b>64,965</b>	

**EXPENSE MATRIX - CLASS A & B (cont.)**

<b>Account (e)</b>	<b>Benefits (f)</b>	<b>Rents (g)</b>	<b>Other (h)</b>	<b>Clearances to (from) (i)</b>	
<b>6110</b>	961		(1,235)	(2,727)	<b>1</b>
	100				<b>2</b>
	<b>861</b>	<b>0</b>	<b>(1,235)</b>	<b>(2,727)</b>	<b>3</b>
<b>6120</b>	5,851		60,149		<b>4</b>
	<b>5,851</b>	<b>0</b>	<b>60,149</b>	<b>0</b>	<b>5 E</b>
<b>6210</b>	22,590		10,713		<b>6</b>
	<b>22,590</b>	<b>0</b>	<b>10,713</b>	<b>0</b>	<b>7</b>
<b>6220</b>					<b>8</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>6230</b>	1,781		449		<b>10</b>
	<b>1,781</b>	<b>0</b>	<b>449</b>	<b>0</b>	<b>11 F</b>
<b>6310</b>	412		920		<b>12</b>
	<b>412</b>	<b>0</b>	<b>920</b>	<b>0</b>	<b>13</b>
<b>6410</b>	45,272		110,287	2,145	<b>14</b>
	<b>45,272</b>	<b>0</b>	<b>110,287</b>	<b>2,145</b>	<b>15 G</b>
	<b>76,867</b>	<b>0</b>	<b>181,283</b>	<b>(582)</b>	<b>16</b>
	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>
	<b>76,767</b>	<b>0</b>	<b>181,283</b>	<b>(582)</b>	<b>18</b>
<b>6510</b>	5,356	0	(20,383)	0	<b>19</b>
	<b>5,356</b>		<b>(20,383)</b>	<b>0</b>	<b>20</b>
<b>6530</b>	17,876		23,360	401	<b>21</b>
	<b>17,876</b>	<b>0</b>	<b>23,360</b>	<b>401</b>	<b>22</b>
<b>6540</b>					<b>23</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>6560</b>			725,694		<b>25</b>
			2,598		<b>26</b>
			<b>723,096</b>		<b>27</b>
	<b>23,232</b>	<b>0</b>	<b>728,671</b>	<b>401</b>	<b>28</b>
	<b>0</b>	<b>0</b>	<b>2,598</b>	<b>0</b>	<b>29</b>
	<b>23,232</b>	<b>0</b>	<b>726,073</b>	<b>401</b>	<b>30</b>

**EXPENSE MATRIX - CLASS A & B**

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
<b>CUSTOMER OPERATIONS EXPENSE</b>				
Total Marketing ( 6610 )	4,543	3,507	1,052	34
Less: Nonregulated		0		35
<b>Net Regulated</b>	<b>4,543</b>	<b>3,507</b>	<b>1,052</b>	<b>36</b>
Total Services ( 6620 )	329,746	357,638	104,017	37
Less: Nonregulated		0		38
<b>Net Regulated</b>	<b>329,746</b>	<b>357,638</b>	<b>104,017</b>	<b>39</b>
<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	<b>334,289</b>	<b>361,145</b>	<b>105,069</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>334,289</b>	<b>361,145</b>	<b>105,069</b>	
<b>CORPORATE OPERATIONS EXPENSE</b>				
Total Exec. and Planning ( 6710 )	148,512	196,800	130,911	40
Less: Nonregulated		0		41 D
<b>Net Regulated</b>	<b>148,512</b>	<b>196,800</b>	<b>130,911</b>	<b>42</b>
Total General and Administrative ( 6720 )	245,206	271,947	72,775	43
Less: Nonregulated		0		44
<b>Net Regulated</b>	<b>245,206</b>	<b>271,947</b>	<b>72,775</b>	<b>45</b>
Provision for Uncollectible Notes Receiv. ( 6790 )		0		46
Less: Nonregulated		0		47
<b>Net Regulated</b>	<b>0</b>	<b>0</b>		<b>48</b>
<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	<b>393,718</b>	<b>468,747</b>	<b>203,686</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>393,718</b>	<b>468,747</b>	<b>203,686</b>	
<b>TOTAL EXPENSES</b>	<b>1,956,593</b>	<b>2,119,869</b>	<b>588,860</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>3,063</b>	<b>365</b>	
<b>Net Regulated</b>	<b>1,956,593</b>	<b>2,116,806</b>	<b>588,495</b>	

**EXPENSE MATRIX - CLASS A & B (cont.)**

<b>Account (e)</b>	<b>Benefits (f)</b>	<b>Rents (g)</b>	<b>Other (h)</b>	<b>Clearances to (from) (i)</b>	
<b>6610</b>	399		2,056		<b>34</b>
					<b>35</b>
	<b>399</b>	<b>0</b>	<b>2,056</b>	<b>0</b>	<b>36</b>
<b>6620</b>	37,367		216,254		<b>37</b>
					<b>38</b>
	<b>37,367</b>		<b>216,254</b>	<b>0</b>	<b>39</b>
	<b>37,766</b>	<b>0</b>	<b>218,310</b>	<b>0</b>	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>37,766</b>	<b>0</b>	<b>218,310</b>	<b>0</b>	
<b>6710</b>	50,801		14,907	181	<b>40</b>
					<b>41 D</b>
	<b>50,801</b>		<b>14,907</b>	<b>181</b>	<b>42</b>
<b>6720</b>	25,416		173,756		<b>43</b>
					<b>44</b>
	<b>25,416</b>		<b>173,756</b>	<b>0</b>	<b>45</b>
<b>6790</b>					<b>46</b>
					<b>47</b>
			<b>0</b>		<b>48</b>
	<b>76,217</b>	<b>0</b>	<b>188,663</b>	<b>181</b>	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>76,217</b>	<b>0</b>	<b>188,663</b>	<b>181</b>	
	<b>214,082</b>	<b>0</b>	<b>1,316,927</b>	<b>0</b>	
	<b>100</b>	<b>0</b>	<b>2,598</b>	<b>0</b>	
	<b>213,982</b>	<b>0</b>	<b>1,314,329</b>	<b>0</b>	

**EXPENSE MATRIX - CLASS A & B ( DETAIL )**

<b>Particulars (a)</b>	<b>Total Last Year (b)</b>	<b>Total This Year (c)</b>	<b>Salaries/ Wages (d)</b>	
Property Held for Future Tele. Use Exp. ( 6511 )	0	0		<b>1</b>
Provisioning Expense ( 6512 )	0	0	15,027	<b>2</b>
<b>Total: Reported in Account 6510</b>	<b>0</b>	<b>0</b>	<b>15,027</b>	
Depreciat. Exp.--Tele. Plant in Service ( 6561 )	791,872	725,694		<b>3</b>
Depreciat. Exp.--Prop. Held for Future Tele. Use ( 6562 )		0		<b>4</b>
Amortization Expense--Tangible ( 6563 )		0		<b>5</b>
Amortization Expense--Intangible ( 6564 )		0		<b>6</b>
Amortization Expense--Other ( 6565 )		0		<b>7</b>
<b>Total: Reported in Account 6560</b>	<b>791,872</b>	<b>725,694</b>		



**EXPENSE MATRIX - CLASS A & B ( DETAIL ) (cont.)**

<b>Account (e)</b>	<b>Benefits (f)</b>	<b>Rents (g)</b>	<b>Other (h)</b>	<b>Clearances to (from) (i)</b>	
6511					1
6512	5,356		(20,383)		2
	5,356		(20,383)	0	
6561			725,694		3
6562					4
6563					5
6564					6
6565					7
			725,694		

## CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

**Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.**

Description (a)	This Year (b)	
Gross Operating Revenues	2,852,526	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	5,422	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
<b>Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes</b>	<b><u>2,857,948</u></b>	

## CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	789,514	1
Plus: Total Intrastate Access Revenues (5084)	526,043	2
Plus: Total Long Distance Network Services Revenue	9,572	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b><u>1,325,129</u></b>	

## CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

**Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.**

Description (a)	This Year (b)	
Gross Operating Revenues	2,852,526	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	5,422	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b><u>2,857,948</u></b>	

## CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	789,514	1
Plus: Total Intrastate Access Revenues (5084)	526,043	2
Plus: Total Long Distance Network Services Revenue	9,572	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b><u>1,325,129</u></b>	

**OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
<b>OTHER OPERATING INCOME AND EXPENSE</b>			
Income from Custom Work (7110)*	5,422	2,078	1
Return from Nonregulated Use of Regulated Facilities (7130)*	0	0	2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*	0	0	5
<b>TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*</b>	<b>5,422</b>	<b>2,078</b>	
<b>OPERATING TAXES</b>			
Operating Investment Tax Credits--Net (7210)*	(26,802)	(26,802)	6
Operating Federal Income Taxes (7220)*	167,206	252,175	7
Operating State and Local Income Taxes (7230)*	39,842	64,188	8
Operating Other Taxes (7240)*	170,277	168,164	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(20,875)	(94,180)	10
<b>TOTAL OPERATING TAXES (7200)*</b>	<b>329,648</b>	<b>363,545</b>	
<b>NONOPERATING INCOME AND EXPENSE</b>			
Dividend Income (7310)*	0	6,741	11
Interest Income (7320)*	852	5,359	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	17,816	0	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	433,393	411,619	16
Special Charges (7370)*	2,051	685	17
<b>TOTAL NONOPERATING INCOME AND EXPENSE (7300)*</b>	<b>450,010</b>	<b>423,034</b>	
<b>NONOPERATING TAXES</b>			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	136,627	168,605	19
Nonoperating State and Local Income Taxes (7430)*	36,490	45,089	20
Nonoperating Other Taxes (7440)*	570	0	21
Provision for Deferred Nonoperating Income Taxes--Net (7450)*	(20,263)	(57,868)	22
<b>TOTAL NONOPERATING TAXES (7400)*</b>	<b>153,424</b>	<b>155,826</b>	
<b>INTEREST AND RELATED ITEMS</b>			
Interest on Funded Debt (7510)*	169,639	152,985	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	592	592	25
Other Interest Deductions (7540)*	12,184	1,230	26
<b>TOTAL INTEREST AND RELATED ITEMS (7500)*</b>	<b>182,415</b>	<b>154,807</b>	
<b>EXTRAORDINARY ITEMS</b>			
Extraordinary Items (7600)*	0	0	27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
<b>TOTAL EXTRAORDINARY ITEMS (7600)*</b>	<b>0</b>	<b>0</b>	
<b>NONREGULATED NET INCOME</b>			
Nonregulated Net Income (7990)*	28,988	31,333	32

**NONREGULATED NET INCOME (ACCT. 7990)**

<b>Particulars (a)</b>	<b>Amount (b)</b>	
Revenues (Acct. 7990.1)		
Gross Sales	234,643	1
Less: Cost of Goods Sold		2
<b>Net Sales</b>	<b>234,643</b>	<b>3</b>
Expenses (Acct. 7990.2)	205,655	4
<b>Nonregulated Net Income</b>	<b>28,988</b>	<b>5</b>

List the type of nonregulated activities that company is involved in:

Selling and leasing of customer premise equipment.  
Mobile radio sales and internet provider.

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

**DISTRIBUTION OF SALARIES AND WAGES**

<b>Description (a)</b>	<b>Amount (b)</b>	
Regulated Expense	588,495	<b>1</b>
Nonregulated Expense	49,026	<b>2</b>
Plant Accounts	63,225	<b>3</b>
Accumulated Depreciation Accounts	3,504	<b>4</b>
All Other Accounts		<b>5</b>
<b>Total Salaries and Wages</b>	<b>704,250</b>	<b>6</b>

**EMPLOYEE DATA**

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

<b>Employee Category (a)</b>	<b>Number of Equivalent Full-Time Employees</b>		<b>Total Compensation (d)</b>	
	<b>FOY (b)</b>	<b>EOY (c)</b>		
Officers	5.00	5.00	142,680	<b>1</b>
Supervision and Other Management	1.00	1.00	52,179	<b>2</b>
Other Employees	12.00	12.00	509,391	<b>3</b>
<b>Total</b>	<b>18.00</b>	<b>18.00</b>	<b>704,250</b>	

## EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	5.00	5.00	142,680	1
Supervision and Other Management	1.00	1.00	52,179	2
Other Employees	12.00	12.00	509,391	3
<b>Total</b>	<b>18.00</b>	<b>18.00</b>	<b>704,250</b>	

**TELEPHONE CALLS AND MINUTES OF USE PER MONTH**

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
<b>LOCAL</b>			
Intra-Exchange	494	1,850	1
Extended Area Service	116	440	2
Extended Community Calling	35	143	3
Other Local-Undefined			4
<b>Total Local</b>	<b>645</b>	<b>2,433</b>	
<b>TOLL</b>			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA	2	18	6
Operator Handled: Interstate	3	32	7
Customer Dialed: State--intraLATA			8
Customer Dialed: State--interLATA	58	594	9
Customer Dialed: Interstate	109	990	10
WATS			11
Other Toll-Undefined			12
<b>Total Toll</b>	<b>172</b>	<b>1,634</b>	
<b>Total Local &amp; Toll</b>	<b>817</b>	<b>4,067</b>	



**ACCESS USAGE**

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.	1	9			2
Feature Group B -- Orig.	2	3			3
Feature Group B -- Term.					4
Feature Group C -- Orig.			5	2,311	5
Feature Group C -- Term.				1,953	6
Feature Group D -- Orig.	2,898	3,291			7
Feature Group D -- Term.	5,093	4,048			8

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

<b>Description of Item (a)</b>	<b>Amount (b)</b>	
Sheath miles of plant - aerial	47	1
Sheath miles of plant - buried	313	2
Sheath miles of plant - fiber optics	40	3
Strand miles of plant - fiber optics	686	4 L,M
Route miles of plant - microwave		5

**SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR**

<b>Circuit Type (a)</b>	<b>InterLATA Chan. Terms. (b)</b>	<b>IntraLATA Chan. Terms. (c)</b>	
Voice grade	16	8	1
56 kbps	5	0	2
64 kbps (DS0)	2	0	3
1.54 Mbps (DS-1)	2	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

<b>Description of Item (a)</b>	<b>Amount (b)</b>	
Sheath miles of plant - aerial	47	1
Sheath miles of plant - buried	313	2
Sheath miles of plant - fiber optics	40	3
Strand miles of plant - fiber optics	686	4 L,M
Route miles of plant - microwave		5

**SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR**

<b>Circuit Type (a)</b>	<b>InterLATA Chan. Terms. (b)</b>	<b>IntraLATA Chan. Terms. (c)</b>	
Voice grade	16	8	1
56 kbps	5	0	2
64 kbps (DS0)	2	0	3
1.54 Mbps (DS-1)	2	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

**SERVICE DATA**

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
<b>Business</b>			
1 Party	529	584	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	0		6
Centrex Trunks	26	26	7
Centrex Lines	0		8
Key System Trunks	132	142	9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	0		11
FX-Out (Switched)	0		12
Pay Telephone	0	38	13
Coin-Operated Pay Telephone	0		14
Independent Pay Telephone Provider	0	4	15
Pay Stations - Public	33		16
- Semi-Public	7		17
- Cust. Owned	4		18
Other	0		19
<b>Total Business Lines</b>	<b>731</b>	<b>794</b>	<b>20</b>
<b>Residential (Incl. Emp. Concess.)</b>			
1 Party	3,225	3,270	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	0		25
Other	17	17	26
<b>Total Residential Lines</b>	<b>3,242</b>	<b>3,287</b>	<b>27</b>
<b>Total Bus &amp; Res Lines</b>	<b>3,973</b>	<b>4,081</b>	<b>28</b>
Company Used Lines	21	21	29
<b>Total Lines Used</b>	<b>3,994</b>	<b>4,102</b>	<b>30</b>

**SERVICE DATA (cont.)**

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
<b>Miscellaneous</b>			
WATS Lines - OutWATS	0		3
WATS Lines - 800 Service	0	4	4
FX-In-intraLATA	0		5
Special Access-intraLATA			6
(expressed in equiv. access lines)	8	8	7
Special Access-interLATA			8
(expressed in equiv. access lines)	72	71	9
Feature Group A Lines	0		10
Feature Group B Trunks	0		11
Feature Group C Trunks	0		12
Feature Group D Trunks	1,250	1,274	13
TSPS - Trunks	22	22	14
EAS - Trunks	78	82	15
Cellular Trunks (Pub. Sw. Net.)	0		16
Video Distance Learning			17
- discounted (special tariff)	0		18
<b>Customers</b>			
Business - 2 Party Customers	0		20
Business - 4 Party Customers	0		21
Residential - 2 Party Customers	0		22
Residential - 4 Party Customers	0		23
<b>Other</b>			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	7,735,718	8,264,169	27
Total Company Square Miles	389	389	28
Total Company Route Miles	528	539	29
Footnotes			30

**SERVICE DATA - END OF YEAR**

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
<b>Business</b>					2
1 Party	91	186	225	82	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks					6
Centrex Trunks	---CONF---	---CONF---	---CONF---	---CONF---	7
Centrex Lines					8
Key System Trunks	15	61	59	7	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	5	11	17	5	13
Coin-Operated Pay Telephone					14
Independent Pay Telephone Provider		3	1		15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
<b>Total Business Lines</b>	<b>111</b>	<b>261</b>	<b>328</b>	<b>94</b>	20
<b>Residential (Incl. Emp. Concess.)</b>					21
1 Party	644	900	1,124	602	22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other	2	1	14		26
<b>Total Residential Lines</b>	<b>646</b>	<b>901</b>	<b>1,138</b>	<b>602</b>	27
<b>Total Bus &amp; Res Lines</b>	<b>757</b>	<b>1,162</b>	<b>1,466</b>	<b>696</b>	28
Company Used Lines	7	3	7	4	29
<b>Total Lines Used</b>	<b>764</b>	<b>1,165</b>	<b>1,473</b>	<b>700</b>	30

**SERVICE DATA - END OF YEAR (cont.)**

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
<b>Miscellaneous</b>					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service			4		4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	4		4		7
Special Access-interLATA					8
(equiv. access lines)		37	33	1	9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks	142	156	842	134	13
TSPS - Trunks	4	5	9	4	14
EAS - Trunks	48			34	15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)					18
<b>Customers</b>					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
<b>Other</b>					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical location of plant)	1,848,420	2,157,519	3,279,557	978,673	26
Exchange Square Miles	93	208	61	27	27
Exchange Route Miles	129	186	131	93	28
Footnotes					29
					30

**MANUFACTURER ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

<b>Manufacturer Name (a)</b>	<b>Abbreviation (b)</b>	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

**EQUIPMENT ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

<b>Equipment Type (a)</b>	<b>Abbreviation (b)</b>	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4
Video Distance Learning	VDL	5



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Nippon Electric	NEC	<b>6</b>
Northern Telecom	NTI	<b>7</b>
Siemens	SI	<b>8</b>
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Electromechanical	EM	<b>1</b>
Electronic--Analog	A	<b>2</b>
Electronic--Digital	D	<b>3</b>
Electronic--Video	V	<b>4</b>
Video Distance Learning	VDL	<b>5</b>

**CENTRAL OFFICE DATA - END OF YEAR**

When an exchange has more than one central office, data must be reported for each central office.

<b>Description (a)</b>	<b>Central Off. (b)</b>	<b>Central Off. (c)</b>	<b>Central Off. (d)</b>	<b>Central Off. (e)</b>	
Exchange Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	<b>1</b>
PSCW Exchange ID	0250	1880	3830	5040	<b>2</b>
Central Office Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	<b>3</b>
PSCW Central Office ID	1	1	1	1	<b>4</b>
Manufacturer of COE (Page 54)	SC	SC	SC	SC	<b>5</b>
Year COE Installed	1981	1980	1983	1991	<b>6</b>
Type of Equipment (Page 54)	D	D	D	D	<b>7</b>
(S)tandalone, (H)ost, (R)emote	S	S	S	S	<b>8</b>
Remote Host PSCW Exchange ID					<b>9</b>
Remote Host PSCW Central Office ID					<b>10</b>
COE Generic Software Release No.	14.1	14.1	19	17	<b>11</b>
SS7?	No	No	No	No	<b>12</b>
9-1-1?	No	No	Yes	No	<b>13</b>
Access Lines - In Use	784	1,242	1,496	830	<b>14</b>
- Equipped	856	1,280	1,830	950	<b>15</b>
- Wired	880	1,310	2,640	990	<b>16</b>
Trunks - In Use	137	91	672	135	<b>17</b>
- Equipped	190	156	852	194	<b>18</b>
- Wired	264	156	1,172	444	<b>19</b>
ISDN Available?	No	No	No	No	<b>20</b>
ISDN Lines - In Use (BRI)	0	0	0	0	<b>21</b>
- In Use (PRI)	0	0	0	0	<b>22</b>
Switched 56 Service?	No	No	No	No	<b>23</b>
Switched 56 lines in use	0	0	0	0	<b>24</b>
Digital Transmission Facilities: DS-1 - In Use	0	1	1	0	<b>25</b>
DS-3 - In Use	0	0	0	0	<b>26</b>
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	<b>27</b>
SMDS?	No	No	No	No	<b>28</b>
Frame Relay?	No	No	No	No	<b>29</b>
ATM (Asynchronous Trans. Mode)?	No	No	No	No	<b>30</b>
Video Information - Service Available?	No	No	No	No	<b>31</b>
- In Use (# lines) <sup>1</sup>	0	0	0	0	<b>32</b>
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	32	16	48	16	<b>33</b>
No. of fiber strands working (LIT) in C.O.	8	2	14	0	<b>34</b>
No. of fiber strands for interoffice use	6	2	8	0	<b>35</b>
Miles of fiber sheath in wire center	14	8	18	0	<b>36</b>
Access Tandem Serving this C.O.:					
- C.O. Name	NIAGARA	NIAGARA	NIAGARA	NIAGARA	<b>37</b>
- PSCW C.O. ID	3830-01	3830-01	3830-01	3830-01	<b>38</b>
Does this C.O. do access tandem switching?	No	No	Yes	No	<b>39</b>
Equal Access: InterLATA (1+)?	Yes	Yes	Yes	Yes	<b>40</b>
Equal Access: IntraLATA (1+)?	No	No	No	No	<b>41</b>
Footnotes			<b>n</b>		<b>42</b>

<sup>1</sup> Teleco provided end-to-end facility.

**GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES****General Footnote****Accountants Compilation Report**

To the Board of Directors  
Niagara Telephone Company  
Wittenberg, Wisconsin 54499

We have compiled the balance sheets of Niagara Telephone Company as of December 31, 1997 and 1996, and the related statements of income and retained earnings for the years then ended, and the statement of cash flows for the year ended December 31, 1997, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated February 20, 1998.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Kiesling Associates LLP  
Madison, Wisconsin  
April 22, 1998

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**Schedule Footnotes****Central Office Lookup Table Footnote. Page 0**

This footnote is not being used.

**Outside Plant Statistics at End of Year Footnote. Page 49**

M Strand miles of plant - fiber optics changed from 4 to 686 per letter from utility dated 10/1/99.

PJL

**Central Office Data - End of Year Footnote. Page 55**

**GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES****General, Schedule Level and Schedule Line Footnotes Footnote. Page 56**

This footnote is not being used.

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**Schedule Line Footnotes**

- A)** During 1997 the Public Service Commission of Wisconsin (PSCW) allowed for the deregulation of public payphones.
- B)** Reclassify VDL equipment to regulated plant and reserve.
- C)** To adjust for proper classification between metallic and nonmetallic.
- D)** Reclassify amount to appropriate plant account.
- E)** Increase from reclassification of deferred charges in 1997 for environmental clean up.
- F)** Decrease in labor and benefits in 1997.
- G)** Increase in labor for repair and maintenance of cable. Also, repairs and supervision related to several highway projects in 1997.
- H)** Increase from VDL revenue beginning in 1997.
  - I)** Pole contacts revenues in 1997. None accrued for 1996.
- J)** To show proper first of year balance.
- K)** There are different depreciation rates being used within this account and sub-class account.
- L)** This footnote is not being used.
- n)** Per letter from utility dated 10/1/98, page 55, column d, lines 18 and 19 were accidently switched.